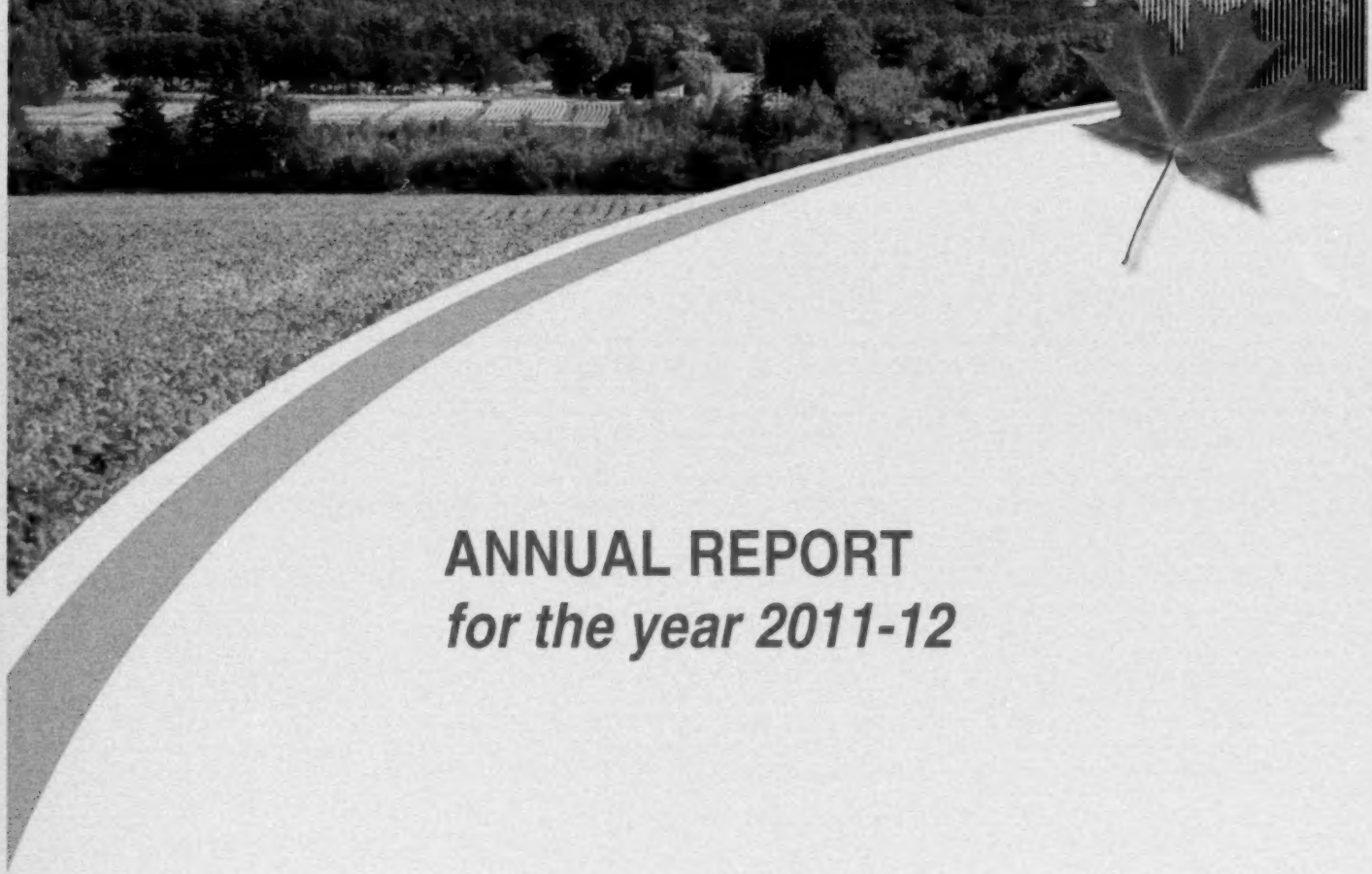


ANNUAL REPORT
for the year 2011-12

The Nova Scotia Crop and Livestock Insurance Commission

Canada

Growing Forward
A federal-provincial-territorial initiative

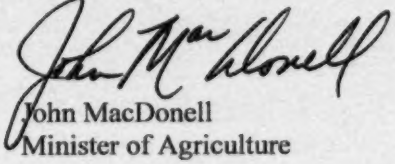
NOVA SCOTIA

His Honour
Brigadier-General The Honourable J.J. Grant
Lieutenant-Governor of Nova Scotia

Dear Sir:

I have the honour to transmit herewith the Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the year ended March 31, 2012.

I am, Your Honour,
Yours very truly,



John MacDonell
Minister of Agriculture

The Honourable John MacDonell
Minister of Agriculture

Dear Sir:

We have the honour to herewith submit the fortieth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ending March 31, 2012. Included in this report is a summary of operations, the audited financial statements, and statistical information for the programs under the authority of the Commission.

Respectfully submitted,
Nova Scotia Crop and Livestock
Insurance Commission

A. Bentley
Chair

B. MacLeod
CEO

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COMMISSION OFFICERS

BOARD OF DIRECTORS:

Avard Bentley, Chair
Westchester, Cumb. Co.

George C. Smith, Vice-Chair
Saltsprings, Pictou Co.

Greg Coldwell
Port Williams, Kings Co.

James Baillie
Tatamagouche, Colchester Co.

R. Michael Walsh
Berwick, Kings Co.

PRINCIPAL OFFICERS:

B. MacLeod	-	CEO
T.D. Mitchell	-	Secretary
H.D. Black	-	Accounting Clerk
B.J. Nelson	-	Clerk (Retired June 2011)
C.V. Selig	-	Clerk
G.D. Macintosh	-	Supervisor, Field Services
A. Parsons-Lushington / Steve Tattrie	-	Research and Development Coordinator
S.Clark / M. Stevenson	-	Database Administrator

AUDITOR:

Auditor General	-	Province of Nova Scotia

SOLICITORS:

B. Kerr / Heather Goodfellow
C. Thompson

FIELD STAFF:

M.J. Blenkhorn
J.M. Peill
G. Thyssen

PROGRAM BACKGROUND

The Nova Scotia Crop Insurance Act, which was assented to in 1968 and amended in 1978 and in 2005 to provide for the administration of the Livestock Insurance program, is cited as the Crop and Livestock Insurance Act.

Under the Crop and Livestock Insurance Act, the Commission is responsible to administer the program under the direction, supervision, and control of the Minister of Agriculture.

The Commission administers crop insurance coverage to 14 crop insurance plans and a dairy and poultry livestock insurance program.

Since 2008 the Commission administered the Canada/Nova Scotia Wildlife Compensation Program.

OBJECTIVES AND RESPONSIBILITIES

The fundamental objective of the Crop and Livestock Insurance Commission is to make available to Nova Scotia farmers insurance-based programs that will assist in years of reduced yields, lower revenue, and losses due to insurable perils.

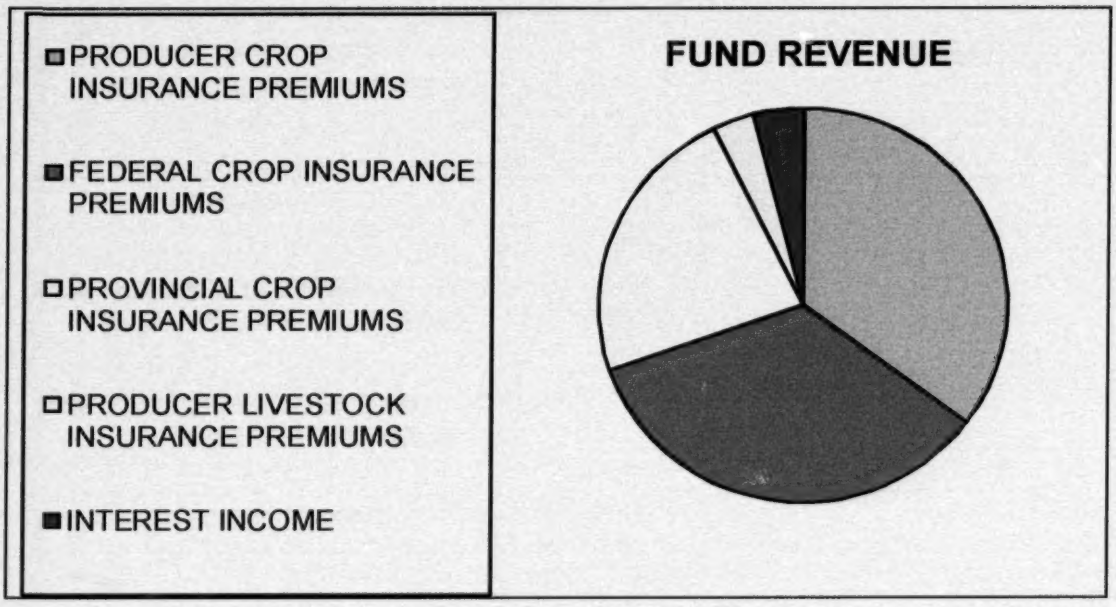
In the interest of efficiency of operations and convenience to farmers, the programs are administered by a common staff, but each program stands on its own. Separate accounting for premium and indemnities is maintained for each program. Administration expenses are proportioned to each program.

FINANCIAL PARTICIPATION

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under the Canada-Nova Scotia Bilateral Growing Forward Agreement. Crop and Livestock Insurance in Nova Scotia is delivered under the authority of the Crop and Livestock Insurance Act.

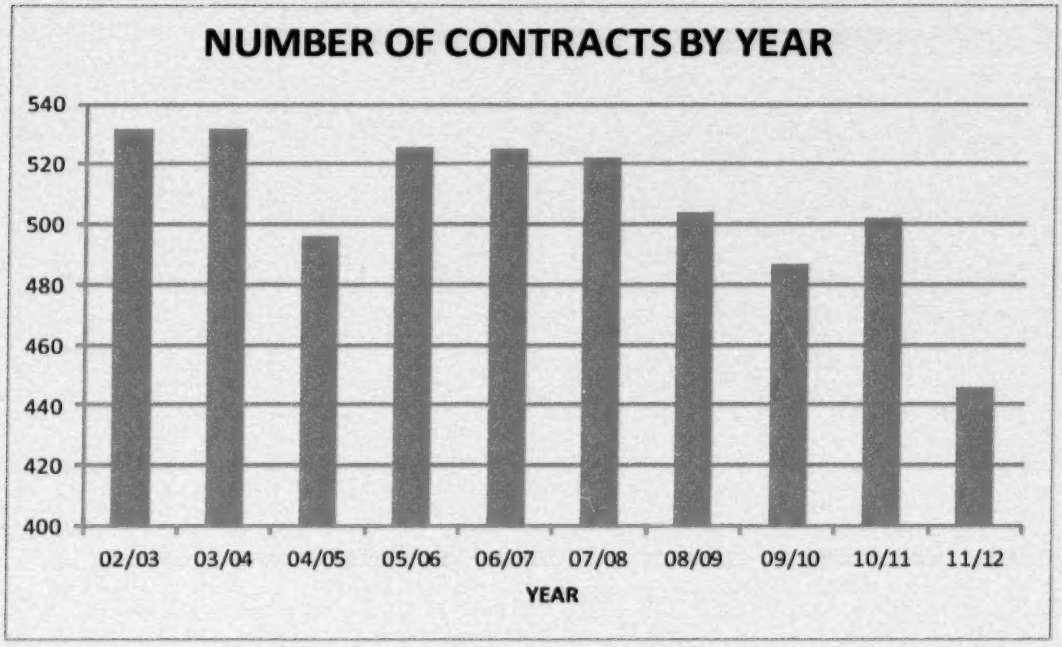
The governments of Nova Scotia and Canada each contribute a percentage of administration expenses for crop insurance and wildlife compensation. Administration expenses for other programs administered by the Commission are the responsibility of the Province.

For 2010-11, the government of Nova Scotia contributed approximately 40 per cent of the total administration costs and 24 per cent of the crop insurance premium. The Government of Canada contributed 60 per cent of the total administration costs and 36 per cent of the premium for crop insurance programs.



INSURANCE PLANS IN FORCE

Spring Grain	-	oats, barley, wheat, and mixed grain
Winter Grain	-	rye, wheat, triticale
Tree Fruit	-	apples, pears, peaches
Tree Insurance	-	apples, pears
Corn	-	silage, grain, high moisture
Blueberries	-	lowbush and highbush blueberries
Strawberries	-	
Raspberries	-	
Forage	-	establishment year
Soybeans	-	soybeans, canola, sunflowers
Potatoes	-	processing, seed, table
Vegetables	-	broccoli, brussels sprouts, cauliflower, cabbage, fresh carrots, lettuce, onions, parsnips, processing carrots, rutabagas and winter squash
Weather Derivative	-	
Maple	-	
Dairy	-	
Poultry	-	



FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

The crop insurance plans protect against loss caused by drought, frost, hail, wind, excessive moisture, insect infestation, plant disease, wildlife, winter injury, unavoidable pollination failure, and off-crop due to adverse weather conditions.

Type of Insurance

For yield based plans, each insured crop is guaranteed a specific yield based upon the past yield records of each insured. When no past records are available, a bench mark, either provincial or industry averages, is used.

For non-yield based plans (weather) the guarantee is based on other specific measureables, such as total precipitation (or lack of) for a specified area which is known to result in a loss of crop production or quality.

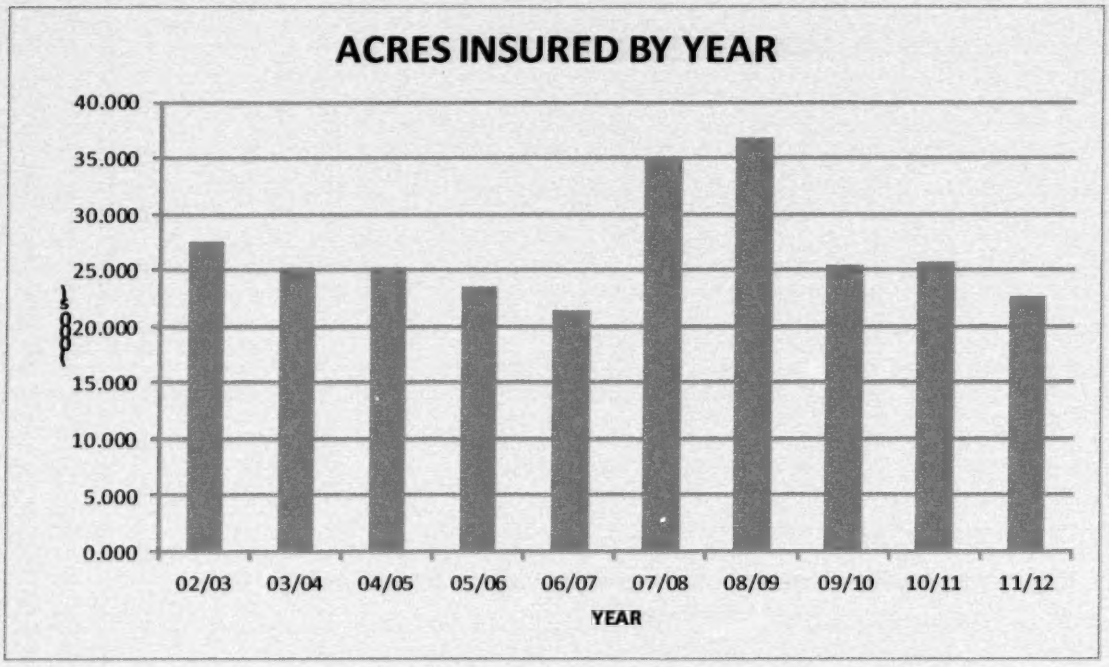
Quality Guarantee

Quality losses are taken into consideration with certain plans such as tree fruit, corn, and spring and winter grain as well as weather.

Premium Discount/Surcharge

The base premium rate for all insurance plans, with the exception of forage and poultry, is adjusted by giving a discount when indemnities paid are less than premium paid or by adding a surcharge when indemnities paid exceed premium. The maximum discount shall be 50% and the maximum surcharge shall be 100%.

Other Programs:
The Nova Scotia Crop and Livestock Insurance Commission administers a compensation program to Nova Scotia farmers for losses to specified crops or livestock as a direct result of the activities of wildlife. There is no requirement for producers to be enrolled in Crop Insurance to obtain a compensation payment. The Province of Nova Scotia and the Government of Canada contribute 40% and 60% respectively for the cost for administration and compensation payments.



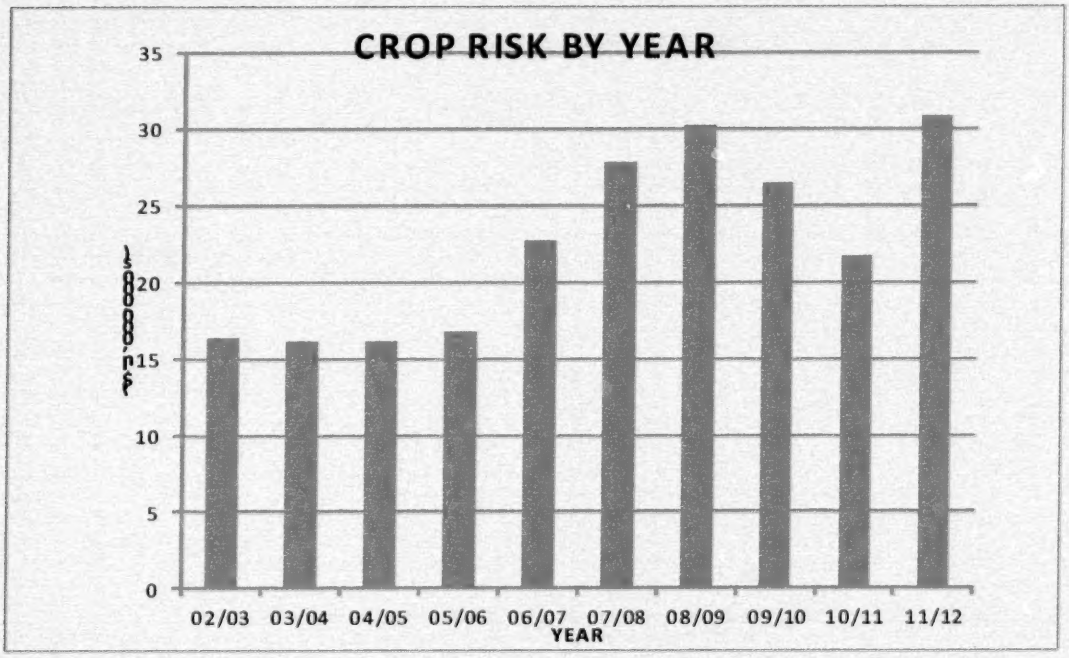
STATISTICAL SUMMARIES
ANNUAL SUMMARY OF INSURANCE PLANS 2011-12

PLAN	NO. GROWERS	NO. ACRES	TOTAL COVERAGE	TOTAL PREMIUM	TOTAL INDEMNITIES
Spring Grain	38	614.35	$ 194,676.42	$ 24,755.86	$ 26,112.86
Tree Fruit	83	2,524.80	$16,779,940.70	$ 396,742.85	$ 437,639.67
Forage Est.	0	0	$ 0	$ 0	$ 0
Corn	60	2,796.10	$ 2,205,452.40	$ 107,491.43	$ 66,282.45
Blueberries	180	6,696.86	$ 6,778,336.67	$ 626,371.18	$1,235,185.99
Strawberries	5	31.49	$ 116,749.47	$ 16,622.87	$ 51,684.00
Raspberries	0	0	$ 0	$ 0	$ 0
Winter Grain*	12	279.76	$ 165,162.16	$ 15,949.47	$ 0
Potatoes	2	401.40	$ 567,728.00	$ 29,992.68	$ 90,324.24
Soybeans	27	1,411.44	$ 994,152.10	$ 61,365.88	$ 5,808.48
Vegetables	7	239.19	$ 700,136.14	$ 119,765.53	$ 262,580.59
Weather Derivative	24	7,724.76	$ 2,177,258.88	$ 121,159.24	$ 211,965.89
Maple	6	95,500 (Taps)	$ 197,769.84	$ 27,227.36	$ 0
Crop Summary	**444**	**117,720.15**	**$30,877,363.00**	**$1,547,444.35**	**$2,387,584.17**
	Herds	**Animals/Birds**			
Loss Income			$10,517,171.36		$ 113,026.40
Livestock	105	16,579	$23,036,600.00	$ 27,710.12	$ 26,400.00
Poultry	110	36,990,059	$76,753,998.14	$ 20,703.29	
Totals		**37,006,638**	**$141,185,132.28**	**$1,595,857.76**	**$2,527,010.57**

* Winter Grain claims reflect crop year 2011.

SUMMARY OF CROP INSURANCE PLANS
(1969 - 70 to 2011 - 2012 CROP YEARS INCLUSIVE)

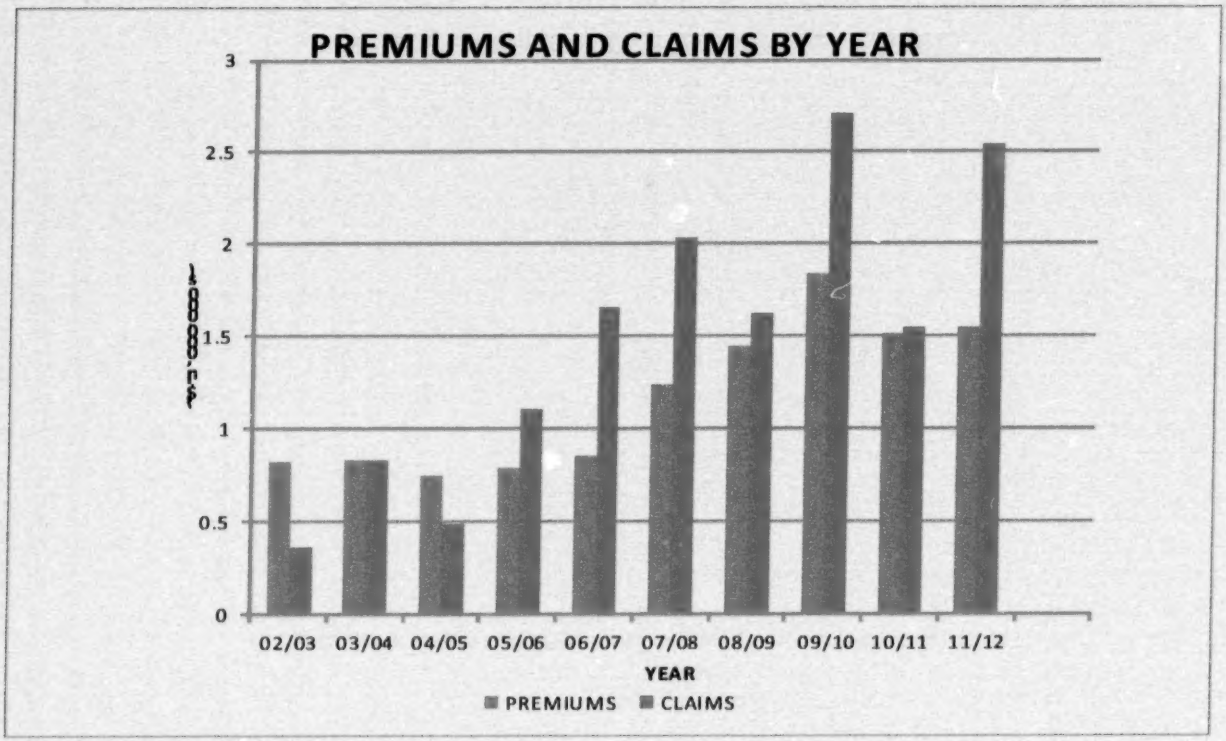
PLAN	NO. YEARS	NO. CLAIMS	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
Spring Grain	43	1803	$1,718,750.55	$2,032,490.06	1.18
Winter Grain	42	369	$816,885.48	$889,086.30	1.09
Tree Fruit	42	640	$6,845,977.06	$6,378,094.92	0.93
Tree Rider	27	22	$325,781.08	$90,705.16	0.28
Tobacco	25	21	$767,809.39	$561,296.33	0.73
Corn	41	607	$2,336,539.81	$1,672,958.87	0.72
Peas & Beans	32	629	$3,140,338.94	$3,315,484.65	1.06
Blueberries	39	1222	$5,287,307.34	$7,585,006.48	1.43
Strawberries	38	130	$394,878.80	$576,231.82	1.46
Forage Est.	34	154	$105,389.26	$89,305.62	0.85
Soybeans	26	79	$334,846.99	$139,372.37	0.42
Potatoes	25	39	$1,227,975.11	$2,124,007.08	1.73
Raspberries	6	4	$1,429.44	$3,216.60	2.25
Forage Prod.	3	1	$16,983.20	$4,551.38	0.27
Vegetables	12	53	$1,301,128.36	$2,238,084.62	1.72
Weather Derivative	5	44	$517,435.99	$658,219.36	1.27
Maple	2	0	$55,780.23	$0.00	0.00
TOTAL		**5817**	**$25,195,237.03**	**$28,358,111.62**	**1.13**



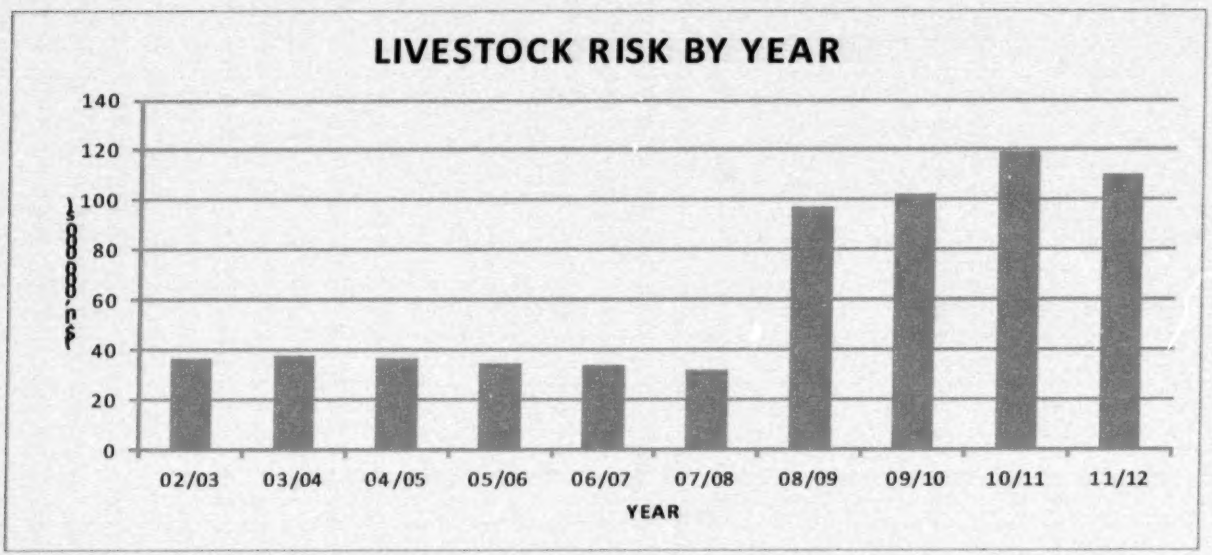
OPERATIONS SUMMMARY OF CROP INSURANCE YEARS
(1969-70 to 2011-12 Crop Years Inclusive)

CROP YEARS	NO. CONTRACTS	TOTAL COVERAGE	TOTAL PREMIUM	CLAIMS PAID	LOSS RATIO
2011-2012	446	30,958,118.69	1,541,396.80	2,410,913.00	1.56
2010-2011	501	21,661,518.92	1,453,641.52	1,517,820.84	1.04
2009-2010	574	33,352,632.88	1,793,088.60	2,654,096.74	1.48
2008-2009	504	30,332,865.07	1,445,680.16	1,620,386.29	1.12
2007-2008	522	27,188,516.06	1,233,419.20	2,030,822.80	1.65
2006-2007	525	22,466,132.67	860,560.79	1,656,030.07	1.92
2005-2006	526	16,845,536.59	790,475.19	1,107,701.83	1.40
2004-2005	496	16,161,000.34	749,438.21	486,826.86	0.65
2003-2004	532	16,193,016.04	833,525.55	827,284.94	0.99
2002-2003	532	16,347,492.87	818,650.80	364,453.37	0.45
2001-2002	532	14,805,607.02	660,808.39	914,843.99	1.38
2000-2001	552	14,310,381.33	674,353.56	284,246.26	0.42
1999-2000	540	12,136,267.30	639,559.88	797,459.04	1.25
1998-1999	563	13,893,446.80	646,821.92	933,129.48	1.45
1997-1998	600	11,842,296.94	587,480.80	772,721.07	1.32
1996-1997	553	11,181,624.19	572,589.79	466,881.74	0.82
1995-1996	580	11,321,945.62	546,030.04	326,525.71	0.60
1994-1995	568	11,164,842.39	577,366.31	535,838.81	0.93
1993-1994	577	11,409,076.02	623,830.52	927,816.14	1.49
1992-1993	624	10,904,552.94	657,657.87	200,655.25	0.31
1991-1992	544	12,184,356.19	634,945.12	1,411,800.88	2.22
1990-1991	568	10,304,249.40	574,316.40	357,824.57	0.62
1989-1990	604	10,790,684.96	545,818.31	879,678.97	1.61
1988-1989	532	10,327,601.34	536,984.92	100,853.06	0.19
1987-1988	597	10,361,043.62	537,153.84	158,436.63	0.29
1986-1987	730	10,403,518.12	498,145.77	1,391,264.35	2.79
1985-1986	730	10,270,802.44	453,493.02	503,450.98	1.11
1984-1985	740	8,842,444.23	447,720.90	132,831.31	0.30
1983-1984	775	7,103,107.33	444,870.21	442,181.20	0.99
1982-1983	760	6,618,768.79	449,727.96	123,888.71	0.28
1981-1982	752	5,854,042.18	401,609.14	219,338.95	0.55
1980-1981	666	4,228,150.76	295,329.10	196,488.55	0.67
1979-1980	695	3,994,307.91	296,406.94	300,974.95	1.02
1978-1979	781	3,730,752.45	284,334.24	131,548.18	0.46
1977-1978	770	3,381,581.47	251,407.28	253,696.31	1.01
1976-1977	602	2,751,869.76	220,219.10	90,559.13	0.41
1975-1976	568	2,274,900.30	198,451.73	169,900.31	0.86
1974-1975	565	2,030,120.33	164,694.03	232,358.15	1.41
1973-1974	492	1,762,978.44	96,519.82	252,505.26	2.62
1972-1973	386	1,553,341.41	77,955.05	78,023.10	1.00
1971-1972	364	777,955.53	32,884.51	50,406.29	1.53
1970-1971	345	823,244.95	31,954.54	35,304.14	1.10
1969-1970	277	310,831.53	15,157.96	8,043.41	0.53
		$ 484,847,842.12	**$25,195,237.03**	**$28,358,111.62**	**1.13**

Since the program's implementation in 1969, for every dollar collected in premium $1.13 has been paid out in claims.



SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN



SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31, 2012)

Years	No. Insured Herds	Insured Animals	Total Premium	Claims Paid	Loss Ratio
2011-2012	105	16,579	$27,710.12	$139,426.40	5.03
2010-2011	115	17,782	33,048.94	28,400.00	0.86
2009-2010	116	17,701	32,090.80	55,600.00	1.73
2008-2009	122	17,934	31,403.59	32,600.00	1.04
2007-2008	128	18,163	30,051.17	174,473.03	5.81
2006-2007	131	17,790	28,564.70	17,000.00	0.60
2005-2006	140	18,670	30,530.51	10,800.00	0.35
2004-2005	148	19,807	33,767.77	4,000.00	0.12
2003-2004	165	20,749	34,980.83	47,640.00	1.36
2002-2003	179	21,769	32,864.20	30,144.00	0.92
2001-2002	184	21,640	20,858.02	14,210.00	0.68
2000-2001	182	20,252	19,538.76	197,632.22	10.11
1999-2000	203	21,531	17,108.54	17,400.00	1.02
1998-1999	212	22,087	17,475.34	55,104.68	3.15
1997-1998	232	22,857	17,797.26	44,679.34	2.51
1996-1997	240	22,801	25,891.18	47,960.58	1.85
1995-1996	252	22,866	26,219.52	7,270.22	0.28
1994-1995	263	23,053	26,720.66	6,400.00	0.24
1993-1994	231	20,572	24,979.34	16,400.00	0.66
1992-1993	242	21,224	26,093.76	3,752.66	0.14
1991-1992	259	22,739	28,987.80	17,157.20	0.59
1990-1991	282	23,771	30,883.99	7,600.00	0.25
1989-1990	217	26,221	35,295.12	10,130.00	0.29
1988-1989	313	25,913	35,507.84	7,639.50	0.22
1987-1988	306	25,500	39,104.26	3,200.00	0.08
1986-1987	300	24,705	38,929.11	17,593.05	0.45
1985-1986	265	22,662	39,200.03	36,775.90	0.94
1984-1985	219	18,263	42,042.80	14,459.00	0.34
1983-1984	209	18,037	43,820.40	3,400.00	0.08
1982-1983	205	17,253	42,423.00	21,133.16	0.50
1981-1982	249	20,480	53,326.15	16,120.35	0.30
1980-1981	284	22,817	77,919.61	53,089.50	0.68
1979-1980	403	29,491	86,731.88	60,501.10	0.70
1978-1979	352	26,121	59,198.14	31,744.50	0.54
Totals			**$1,163,355.02**	**$1,112,009.99**	**0.96**

Since the program was implemented in 1978, for every dollar collected from the insured farmer, $0.96 has been paid out in claims.

DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY
(APRIL 1, 2011 - MARCH 31, 2012)

Insurable Perils	No. Animals	Total Claims Paid
1. Shipping Fever	23	$ 26,400.00
2. Reportable Diseases	0	0
3. Infectious Bovine Rhinotracheitis	0	0
4. Other	0	0
5. Loss of Income	0	$113,026.40

CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978 - MARCH 31, 2012)

Insurable Diseases	No. Animals	Total Claims Paid
1. Acute Mastitis*	108	$ 104,291.40
2. Shipping Fever	528	$ 607,265.54
3. Infectious Bovine Rhinotracheitis	58	$ 49,137.18
4. Brucellosis	2	$ 810.70
5. Loss of Income	0	$ 473,731.57
6. Other	14	$ 16,200.00
Total	**710**	**$1,251,436.39**

* This peril no longer covered

SUMMARY OF POULTRY LIVESTOCK INSURANCE PLAN
(OCTOBER 1, 2007 - MARCH 31, 2012)

Years	No. Insured Flocks	No. Insured Birds	Total Premium	Claims Paid	Loss Ratio
2011-2012	110	36.990,059	$ 20,703.29	$ 0.00	0.00
2010-2011	129	46,596,231	$ 21,976.35	$ 0.00	0.00
2009-2010	106	36,456,512	$ 27,244.76	$ 0.00	0.00
2008-2009	89	40,689,660	$ 11,999.38	$ 0.00	0.00
2007-2008	170	6,090,671	$ 1,739.15	$ 0.00	0.00
Total			**$ 83,662.93**	**$ 0.00**	**0.00**

SUMMARY OF POULTRY LIVESTOCK INSURANCE PLAN
(2007-2008 to 2011-12 POULTRY YEARS INCLUSIVE)

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Broiler (CHK)	5	0	$32,196.60	0.00	0.00
Commercial Pullet (PUL)	5	0	$4,304.90	0	0
Broiler Breeder (BRB)	5	0	$9,653.98	0	0
Breeder Pullet (BRP)	5	0	$1,910.29	0	0
Commercial Layer (CLR)	5	0	$32,749.07	0	0
Integrated Layer (ILR)	5	0	$3,827.61	0	0
Total		**0**	**$84,642.45**	**$0.00**	**0.00**

SUMMARY OF WILDLIFE COMPENSATION
(MAY 8, 2008 - MARCH 31, 2012)

	No. Years	No. Commodities	No. Claims	Claims Paid
2011-2012	4	20	508	$182,913.81
2010-2011	3	18	157	$201,201.13
2009-2010	2	18	129	$146,554.05
2008-2009	1	18	60	$109,868.03
Total				**$640,537.02**

SUMMARY OF WILDLIFE COMPENSATION
(2008-2012 WILDLIFE YEARS INCLUSIVE)

PLAN	No. Years	No. Claims	Claims Paid
Bees	4	36	$ 28,000.00
Beehive	4	51	$ 18,148.24
Hive Contents	4	9	$ 1,304.00
Beef Cow	4	4	$ 1,920.00
Beef Calf	4	37	$ 6,400.00
Beef Bull	4	0	$ 0.00
Beef Steer	4	1	$ 560.00
Lowbush Blueberries	4	33	$ 83,701.51
Strawberries	4	8	$ 45,934.39
Ewe	4	115	$ 30,020.00
Lamb	4	119	$ 24,020.00
Ram	4	10	$ 2,020.00
Tree Endorsement	4	5	$ 1,197.60
Apples	4	25	$ 248,928.32
Vegetable	4	8	$ 84,305.98
Corn Silage	4	26	$ 28,585.04
Grain Corn	4	10	$ 9,842.80
Soybean	4	7	$ 7,210.36
Grapes	1	1	$ 17,898.78
Kid	1	1	$ 60.00
Doe	1	2	$ 480.00
Total		**508**	**$ 640,537.02**

2011-12 Summary

The Commission wrote $141 million in coverage in 2011-12. This represented a slight increase in coverage over the previous year. Insurance coverage was broken down as 22% for crops, 24% for dairy and 54% for poultry. The total premium collected was $1.589 million, which represented at 4% increase over the previous year. This increase was mainly a result if increased premium collected for crops due to stronger commodity prices.

The 2011 cropping season saw a cool wet start with reduced heat units that lasted into July. This delayed germination of many spring seeded crops and affected pollination particularly in the provinces wild blueberry crop. Many crops were able to recover during the growing season, however many blueberry producers did experience reduced yields due to poor pollination, increased disease pressure and adverse weather. Potato growers also had yield reductions as a result of wet conditions in the spring and summer. The 2011 apple crop suffered from a number of hail events which affected the overall quality of the crop. The fall harvest season began warm and dry but several major rain events affected some producers ability to harvest their crops.

The result of these conditions was the payment of 178 indemnity claims representing $2.389 million to insured clients. These payments represent a significant amount of support to producers in managing some of the natural risks they face on their farm businesses. In 2011-12 the largest indemnity payments were made to lowbush blueberries ($1,235,186.), tree fruit ($437,639.), vegetable ($262,580.) Weather derivatives/forage ($211,966.), potato ($90,324.), corn $66,282.) and strawberry ($57,702.). There were also livestock indemnity payments valued at $139,426. recorded for the dairy insurance plan. There were no indemnity payments made in the Poultry ILT Plan. The commission introduced a Wildlife Compensation Program in 2008-09. In its fourth year of operation this program recorded 162 compensation payments totaling $182,914., a decrease of approximately 9% compared to the previous year.

The Commission continued with its developmental work to expand the insurance options available to Nova Scotia producers to manage risk on their farms. The Commission included peaches as an insured crop under the Tree Fruit Plan and added Triticale to the Winter Grain Plan. Revisions to the Commissions General Regulations and Contract of Insurance were completed. This involved corresponding amendments to individual plan regulations that modernized the language and removed inconsistences in these regulations. All clients received new Contracts over the winter. Commission staff also worked with the tree fruit sector and the grains sector to make improvements to these plans based on changes to industry standards.

Key staff were involved in national committees and working groups, including the AgriInsurance Working Group and the National Program Administration Working Group.

The Commission continued to make slow progress on completing the development of a new computerized information management system to replace the numerous systems currently in place. An external solution was abandoned at the end of 2009-10 and internal resources are being utilized to move this initiative forward.

TABLE 1. ESTIMATE - ACTUAL 2011-12

	Estimate 11-12 (000)s	Actual 11-12 (000)s
Revenues		
Insurance Premiums Paid by Clients	818	703
Insurance Premiums Contributed by Govt (Federal)	736	531
Wildlife Compensation Payments (Federal)	150	110
Insurance Premiums Contributed by Govt (Provincial)	491	354
Wildlife Compensation Payments (Provincial)	100	73
Interest Income	80	84
Total Revenues	**2,375**	**1,855**
Expenses		
Indemnity Claims	1,800	2,552
Wildlife Compensation Payments	250	183
Reinsurance Premiums	0	0
Bad Debt Expense	5	0
Total Expenses	**2,055**	**2,735**
Net Income From Insurance Activities	**320**	**(875)**
Crop and Livestock Insurance Fund Balance		
Beginning of Year	4,603	4,626
End of Year	4,923	3,751
Administrative Expenses		
Government Contributions (Canada)	600	513
Government Contributions (Nova Scotia)	434	367
Total Administrative Expenses	**1,034**	**880**
Net Govt Expenditure		
Canada (Premium + Administration)	1,486	1,154
Nova Scotia (Premium + Administration)	1,025	794
Total Program Expenditure	**2,511**	**1,948**

The Commission's 2011-12 business plan presented the following priority areas aimed at increasing the coverage it offers to Nova Scotia agricultural producers. Increased participation in AgriInsurance programs allows producers to take an active role in managing risk on their farm businesses. Government cost sharing encourages participation. The value of coverage is actively managed by increasing the number of clients utilizing AgriInsurance and increasing the number of products offered and the range of options available to clients. In support of the Development of a competitive business climate that encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the Commission will pursue increased program participation through the following.

Program Expansion / Enhancements:

- The Commission will continue with promotion of a new Maple insurance plan introduced in 2010-11 to increase uptake of this program.

- The Commission will finalize the revision of its existing Tree Fruit plan to permit the insurance of stone fruit (specifically peaches), add triticale to its Winter Grain plan, and add wind as a peril in the Dairy plan to recognize gaps in coverage identified by industry.

- In consultation with the agricultural industry, the Commission will continue to research and develop additional insurance-based products that meet the needs identified by industry. Specifically, consultation, research and development work on a new insurance plan for grapes will begin in 2011-12.

- The Commission will continue to actively participate in national level policy and program design options that expand the AgriInsurance opportunities in the livestock sector, including investigation of price insurance options. The commission will implement federal sharing of its Poultry Livestock plan under the Growing Forward Agreement.

Administrative Improvements:

- The Commission will refocus its efforts internally to update and modernize the information technology infrastructure to promote accurate, timely, and more efficient delivery of its products and services.

- The Commission will continue to actively promote AgriInsurance as a key business risk management option for agricultural producers in Nova Scotia.

PERFORMANCE MEASURES

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products to the agriculture sector. As one of the pillars of Canada's financial system, insurance plays a key role in stabilizing business incomes by providing opportunities to manage or lay off risk. Crop production is particularly risk laden in that natural perils presented by climate and geography cannot easily be controlled or managed. The intended outcome of the Commission's program is to stabilize farm incomes.

Measure	Base/Target (2004-05)	Target 2011-12	Future Direction Target 12-13	Comments
Number of Farms Using Production Insurance	600	670	700	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients.
Value of Insurance Coverage Written: The total dollar value of risk the Commission has accepted from its clients.	*(Millions)* 52.5	*(Millions)* 132	*(Millions)* 140	Expansion of Maple Insurance and Stone Fruit Insurance
Aggregate Coverage Level: The % of total insurable value covered by the program.	80%	85%	87%	Promotion of insurance plans to attract new clients and encourage existing clients to take higher coverage levels.
Number of Insurance Products Available	14	16	176	Results of the introduction of new plans (Maple).
Value of Compensation Paid for Wildlife Damage	N/A	$250,000	$260,000	Includes Federal and Provincial Compensation paid to producers for damage from wildlife. Continued promotion of this program..

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2012

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
FINANCIAL STATEMENTS
MARCH 31, 2012

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Nova Scotia

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Nova Scotia Crop & Livestock Insurance Commission:

Report on the Financial Statements

I have audited the accompanying financial statements of the Nova Scotia Crop & Livestock Insurance Commission, which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2011 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in our audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Crop & Livestock Insurance Commission as at March 31, 2012, March 31, 2011 and April 1, 2011, and the results of operations, changes in net financial assets, and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

JK Pointe

Jacques Lapointe, CA
Auditor General

May 25, 2012
Halifax, Nova Scotia

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2012

	2012	2011	2010 (at April 1)
Financial Assets			
Cash	$ 378,395	$ 95,653	$ 277,839
Investments (notes 3 and 4)	3,226,907	4,373,657	4,014,108
Receivable, trade	173,114	177,043	298,122
Accrued interest receivable	3,598	2,467	2,504
	3,782,014	4,648,820	4,592,573
Liabilities			
Deferred revenue	$ 29,415	$ 33,149	$ 45,768
Deposits for insurance	13,170	12,197	16,944
Unsettled indemnities (note 5)	15,837	-	981
Deferred contributions related to capital assets (note 6)	-	-	-
	58,422	45,346	63,693
Net Assets	3,723,592	4,603,474	4,528,880
Non-financial Assets			
Tangible capital assets (note 7)	27,863	22,825	25,352
Accumulated Surplus (note 8)	$ 3,751,455	$ 4,626,299	$ 4,554,232

Contingency (note 18)

On Behalf of the Commission

Director

Director

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2012

	Budget	2012	2011
Revenues			
Insurance Premiums - Schedule A			
Producer	$ 818,000	$ 703,021	$ 683,773
Federal government (note 9)	886,000	641,227	626,058
Provincial government (note 9)	591,000	427,485	417,940
Government grants for administrative expenses			
Federal (note 9)	600,000	512,644	518,122
Provincial (note 9)	434,000	366,800	363,047
Interest income	80,000	83,569	75,353
Capital contributions related to capital assets	9,000	14,994	6,596
	3,418,000	2,749,740	2,690,889
Expenses			
Crop insurance - Schedule B	1,768,000	3,262,882	2,348,593
Wildlife compensation - Schedule B	250,000	204,840	224,196
Livestock insurance - Schedule B	32,000	156,862	46,033
Poultry insurance - Schedule B	-	-	-
	2,050,000	3,624,584	2,618,822
Operating Surplus (Deficit)	$ 1,368,000	(874,844)	72,067
Accumulated Surplus, beginning of year			
As previously reported		4,626,299	4,528,880
Change on first time adoption of Public Sector Accounting Standards (note 2)		-	25,352
As restated		4,626,299	4,554,232
Accumulated Surplus, end of year		$ 3,751,455	$ 4,626,299

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
Net Assets, beginning of year		
As previously reported	$ 4,603,474	$ 4,503,528
Change on first time adoption of Public Sector Accounting Standards (note 2)	-	25,352
As restated	4,603,474	4,528,880
Changes in the year		
(Deficit) Surplus	$ (874,844)	$ 72,067
Acquisition of tangible capital assets	(14,994)	(6,596)
Amortization of tangible capital assets	9,956	9,123
Total changes in the year	(879,882)	74,594
Net Assets, end of year	$ 3,723,592	$ 4,603,474

See accompanying notes to the financial statements

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
Operating Activities		
Net surplus (deficiency)	$ (874,844)	$ 72,067
Amortization of tangible capital assets	9,956	9,123
Net change in non-cash working capital balances related to operations (note 11)	15,874	102,769
Cash provided by (used in) operating activities	(849,014)	183,959
Capital Activities		
Purchase of tangible capital assets	(14,994)	(6,596)
Cash used in capital activities	(14,994)	(6,596)
Investing Activities		
Proceeds on sale (acquisition) of investments	1,146,750	(359,549)
Cash provided by (used in) investing activities	1,146,750	(359,549)
Increase (decrease) in cash during year	282,742	(182,186)
Cash, beginning of year	95,653	277,839
Cash, end of year	$ 378,395	$ 95,653

See accompanying notes to the financial statements

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. First time adoption of accounting standards for the public sector

These are the Commission's first financial statements prepared in accordance with Canadian generally accepted accounting principles for the public sector. Accordingly, the transitional provisions of the CICA Public Sector Accounting Handbook, Section 2125, *First Time Adoption by Government Organizations* have been applied. The Company's date of transition to these new standards was April 1, 2010.

The accounting policies set out in note 3 have been applied in preparing the financial statements for all periods represented.

The Commission issued financial statements for the year ending March 31, 2011 using generally accepted accounting principles prescribed by the CICA Handbook – *Accounting*. Section 2125 of the CICA Public Sector Accounting Handbook generally requires retrospective application of the accounting standards. The adoption of the public sector accounting standards had the following impact on the previously reported financial statements:

Net income as previously reported, March 31, 2011	$74,594
Change on first time adoption of Public Sector Accounting Standards:	
Recognition of deferred capital contributions received in the year	6,596
Reversal of amortization of previously deferred capital contributions	(9,123)
	(2,527)
Operating surplus, March 31, 2011	$72,067

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, that for the purposes of the Commission's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These financial statements are prepared using the following significant accounting policies:

Investments

Investments are recorded at cost. Interest income is included in net surplus when earned.

3. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straightline basis over the asset's estimated useful life, which for office furniture is 5 years and for equipment is 5 or ten years, depending on the cost of the equipment.

Revenues

The main components of revenue are insurance premiums, interest income, and government grants for insurance premiums and administrative expenses. Revenues related to producer insurance premiums are recorded in the accounts once coverage is written and the insurance certificate is issued to the producer. The certificate of insurance recognizes the entire period (crop year) covered under the contract. Interest income is recorded in the accounts as it is earned. Government grants for insurance premiums and administrative expenses are recognized as revenue in the period during which the grants are authorized, eligibility criteria are met, and stipulations complied with. Government contributions received for the purchase of capital assets are recognized as revenue in the year they are received.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

4. Investments

The Commission invests excess funds to be used to pay future indemnity claims. At March 31, 2012 these funds were invested in various promissory notes maturing in fiscal 2012, 2013, or 2015 with yields from 1.11% to 2.802%.

5. Provision for payment of unsettled indemnities

Any indemnities for losses incurred in the fiscal year not paid as of year end have been estimated and recorded as a liability in the financial statements, with the exception of indemnities for Winter Grain (see note 18).

6. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent capital assets which were purchased by the Department of Agriculture on behalf of the Commission. The contributions are recognized as revenue when received.

	2012	2011	April 1, 2010
Balance, beginning of year	$ -	$ -	$ 25,352
Add: Capital assets acquired	-	-	-
Less: Capital asset disposed	-	-	-
Less: Amounts recognized as revenue on first time adoption of Public Sector Accounting Standards (note 2)	-	-	(25,352)
Balance, end of year	$ -	$ -	$ -

7. Tangible capital assets

	2012	2011	April 1, 2010
Cost of Equipment			
Opening cost	$ 133,298	$ 126,702	$ $126,702
Additions	14,994	6,596	-
Disposals	-	-	-
Closing cost	$ 148,292	$ 133,298	$ 126,702
Accumulated amortization			
Opening balance	$ 110,473	$ 101,350	$ 101,350
Disposals	-	-	-
Amortization expense	9,956	9,123	-
Closing balance	$ 120,429	$ 110,473	$ 101,350
Net book value	$ 27,863	$ 22,825	$ 25,352

8. Accumulated surplus

	2012	2011	April 1, 2010
Crop insurance	$ 2,773,626	$ 3,573,558	$ 3,547,167
Livestock insurance	896,275	993,726	977,648
Poultry insurance	81,554	59,015	29,417
	$ 3,751,455	$ 4,626,299	$ 4,554,232

9. Government contributions

Insurance premiums

Under the crop insurance programs, producers pay 40% of the insurance premiums and the Federal and Provincial governments pay 36% and 24% respectively for the comprehensive portion of the insurance premiums. If an insurance premium contains a high-cost portion, the Federal and Provincial governments pay a reduced proportion of the high-cost portion of the insurance premium. The proportion of the insurance premium that is high-cost varies by plan and coverage level depending on the base rate for that particular plan. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock and poultry insurance programs or in non-refundable deposits.

Administrative expenses

For the 2012 fiscal year, the Federal government contributed 60% (2011-60%) of the total administrative expenses for the crop insurance program, with the Provincial government funding the remainder. The Provincial government funds all of the administrative costs of the livestock and poultry insurance programs.

Wildlife program

The insurance premiums and administrative expenses of the wildlife insurance plan are funded 60% by the Federal government and 40% by the Provincial government.

10. Administrative expenses

The Commission offers three types of insurance plans: crop, dairy livestock and poultry, and a wildlife compensation program. The administrative expenses associated with offering these programs are detailed in Schedule B. The administrative expenses are allocated to the livestock and poultry plan at 2% of the total administrative expenses incurred by the Commission. The administrative expenses of the wildlife plan are allocated based upon direct travel and staffing costs associated with investigating and adjusting wildlife claims, as well as an additional 25% of these costs for other fixed administrative costs of this plan. The remaining administrative costs, after deducting those attributable to the livestock, poultry and wildlife plans, are allocated to the crop insurance plan.

11. Net change in non-cash working capital balances related to operations

	2012	2011
Increase (decrease) in cash from changes in:		
Receivables	$ 3,929	$ 121,079
Accrued interest receivable	(1,131)	37
Deposits for insurance	973	(4,747)
Unsettled indemnities	15,837	(981)
Deferred revenue	(3,734)	(12,619)
	$ 15,874	$ 102,769

12. Financial instruments

The Commission is exposed to credit risk on the accounts receivable from its clients. In order to reduce its credit risk, the Commission has adopted credit policies which include the analysis of the financial position of its clients and the regular review of their credit limits. The Commission does not have a significant exposure to any individual client. It is management's opinion that the Commission is not exposed to any significant market or liquidity risks.

13. Related party transactions

Administrative expenses include $30,000 (2011 - $30,000) for rent and $44,240 (2011 - $44,240) for miscellaneous professional services that were charged to the Commission by the Nova Scotia Department of Agriculture. Administrative expenses also include $0 (2011 - $45,796) for legal services charged to the Commission by the Nova Scotia Department of Justice.

14. Economic dependence

The Commission is economically dependent upon the ongoing and future funding of the Nova Scotia and Federal governments.

15. Insurance coverage

The total insurance coverage issued during the 2011 – 2012 fiscal year was $141,185,132 (2011 - $140,787,478), comprised of crop insurance of $30,877,363 (2011 - $21,728,578), livestock insurance of $33,553,771 (2011 - $36,341,392) and poultry insurance of $76,753,998 (2011 - $82,717,508).

15. Insurance coverage (continued)

The Province was party to an agreement with the Government of Canada whereby the Province made advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund was to assist the Province of Nova Scotia when there was a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Advances to this Fund were recorded by the Province as a loan receivable from the Commission, although they have not been reflected in the accounting records of the Commission.

16. Statement of remeasurement gains and losses

The Commission has no remeasurement gains or losses therefore, no statement of remeasurement gains or losses has been provided.

17. Pension and post-retirement benefits

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability or other obligations related to post-retirement benefits. The pension expense incurred in the current year was $47,266 (2011 - $44,562).

18. Contingent liabilities

Winter grain

Winter Grain is planted in the fall, but not harvested until the following fall. Therefore yields for Winter Grain are not known until well after the annual financial statements have been prepared. Crops yields can fluctuate dramatically depending upon factors such as weather conditions during the growing and harvesting seasons. As a result, the occurrence and amount of losses relating to this year's crop, if any, cannot be reasonably estimated at this time and therefore no provision has been recorded in the financial statements. In most cases, the indemnity expense for Winter Grain will be recorded in the year it is paid.

Re-insurance premiums

The Province was party to an agreement with the Government of Canada whereby the Province made advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund was to assist the Province of Nova Scotia when there was a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. Advances to this Fund were recorded by the Province as a loan receivable from the Commission, although they have not been reflected in the accounting records of the Commission.

18. Contingent liabilities (continued)

The total re-insurance premiums paid by the Province have amounted to approximately $709,345. Management holds the opinion that the payment of these premiums was the responsibility of the Province. The matter remains unresolved as of March 31, 2012. The amount if any, to be paid to the Province, will be recorded by the Commission at that time.

19. Public Sector Compensation Disclosure Act

Under the Public Sector Compensation Disclosure Act, all organizations which are part of the Government Reporting Entity must disclose all compensation paid to any person that is greater than $100,000. There are no amounts to disclose under this Act.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDED MARCH 31, 2012

SCHEDULE A

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	2012	2011	2012	2011
Crop Insurance							
Spring grain	$ 11,515	$ 7,970	$ 5,314	$ 24,799	$ 47,069	$ 31,511	$ 107,505
Winter grain	8,294	6,046	4,031	18,371	19,110	9,410	17,864
Tree fruit	143,150	145,040	96,693	384,883	387,690	437,640	151,701
Corn	43,007	38,697	25,798	107,502	112,625	72,351	101,123
Weather derivative	48,464	43,617	29,078	121,159	134,625	211,966	207,916
Blueberries	281,509	206,942	137,961	626,412	481,838	1,237,105	396,215
Strawberries and raspberries	7,390	5,540	3,693	16,623	17,902	51,684	57,702
Maple	11,008	9,732	6,488	27,228	28,553	-	-
Forage	52	47	31	130	797	-	-
Soybeans	24,558	22,092	14,728	61,378	47,187	8,260	15,087
Potatoes	11,997	10,797	7,198	29,992	38,784	90,324	31,643
Vegetables	61,502	34,959	23,306	119,767	148,714	262,581	430,084
	652,446	531,479	354,319	1,538,244	1,464,894	2,412,832	1,516,840
Livestock Insurance	28,795	-	-	28,795	32,758	139,426	28,400
Poultry Insurance	21,780	-	-	21,780	28,918	-	-
Wildlife Insurance	-	109,748	73,166	182,914	201,201	182,914	201,201
Total	$ 703,021	$ 641,227	$ 427,485	$ 1,771,733	$ 1,727,771	$ 2,735,172	$ 1,746,441

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP & LIVESTOCK INSURANCE COMMISSION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2012

SCHEDULE B

	Insurance			Totals	
	Crop	Wildlife	Livestock and Poultry	2012	2011
Personnel	$ 644,035	$ 12,600	$ 13,401	$ 670,036	$ 669,361
Transportation and communication	50,604	6,840	1,172	58,616	51,235
Information	6,692	526	147	7,365	12,642
Professional and special services	37,756	771	631	39,158	66,136
Office accommodation and equipment rental	43,670	965	911	45,546	35,423
Repair and maintenance of equipment	2,026	-	41	2,067	47
Materials and supplies	2,965	218	64	3,247	1,276
Minor equipment purchases	8,991	6	184	9,181	809
Central government services	43,355	-	885	44,240	44,240
Total Administrative Expenses (note 9)	840,094	21,926	17,436	879,456	881,169
Indemnity claims – Schedule A	2,412,832	182,914	139,426	2,735,172	1,746,441
Bad Debts	-	-	-	-	(17,911)
Amortization	9,956	-	-	9,956	9,123
TOTAL EXPENSES	$ 3,262,882	$ 204,840	$ 156,862	$ 3,624,584	$ 2,618,822